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TO RUCNDT/USMISSION USUN NEW YORK IMMEDIATE 1562
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INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY
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C O N F I D E N T I A L JERUSALEM 004232

SIPDIS

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NEA FOR FRONT OFFICE; NEA/IPA FOR WILLIAMS/MAHER/STEINGER;
OPS PLEASE PASS TO NSC FOR ABRAMS/DORAN/WATERS; USUN PLEASE
PASS TO CONSUL GENERAL JAKE WALLS; TREASURY FOR
SZUBIN/LOEFFLER/NUGENT/ADKINS;

E.O. 12958: DECL: 09/18/2016

TAGS: [EFIN](#) [EAID](#) [KWBG](#)

SUBJECT: PA PRESIDENT'S OFFICE CONSIDERING RAMADAN
ALLOWANCE PAYMENT USING ARAB FUNDING; WORLD BANK SIGNS ESSP
GRANT AGREEMENT WITH PA PRESIDENT'S OFFICE

REF: A. JERUSALEM 4031
[1](#)B. JERUSALEM 3682

Classified By: Acting Principal Officer Thomas M. Duffy, Reasons 1.4 (b)
) and (d).

Ramadan allowance payment
under consideration

[1](#)1. (C) Presidential Economic Advisor Mohammed Mustafa told EconChief by telephone from Dubai September 19 that the Office of the PA President was considering payment of an allowance before the start of Ramadan to the same group of PA employees, PA pensioners, some social hardship cases, and those on the unemployment rolls that had received the back-to-school allowance in August (ref B). Mustafa said that PA President Abbas (Abu Mazen) has publicly stated his support for a one-month payment of PA salaries before Ramadan, however, Mustafa said that he did not know where they would find the funds for such a payment. Instead, he thought they might be able to disburse an allowance, equivalent to a half-month's salary payroll, using funds from Qatar and Saudi Arabia. Mustafa confirmed that USD 15 million was transferred recently to the PA Presidency bank account by Saudi Arabia, per Saudi Arabia's Arab League pledge. Mustafa said he expected Qatar to transfer USD 50 million to the PA Presidency bank account since the Qatari government had already issued its own statement announcing the transfer. Mustafa said that the September 19 Palestinian daily al-Ayyam's report that Algeria had pledged USD 70 million was false. While the PA Presidency is pursuing a pledge from Algeria, Mustafa said that the Algerians have not actually confirmed a pledge amount.

World Bank signs ESSP grant
agreement with PA Presidency

[1](#)2. (SBU) Acting World Bank Country Director Faris Hadad-Zervos confirmed September 19 press reports that he, on behalf of the World Bank, had signed a USD 46.6 million grant agreement with PA Presidency Chief of Staff Rafiq Hussein, on behalf of the PLO Chairman, for the Emergency Services Support Program (ESSP). Hadad-Zervos said the grant agreement stipulates support to three sectors: health, education, and social affairs. While USD 46.6 million has been pledged to date by donors, he confirmed that the Bank

has already received USD 20 million.

Comment

¶3. (C) PA Presidency discussions of a further allowance payment before Ramadan are contrary to their assertions to us in August that they would refuse to handle further Arab donations (ref B). Given the start of Ramadan, Abu Mazen is likely feeling the political pressure to defuse some of the tension surrounding the continued non-payment of PA salaries by the Hamas government and the ongoing PA employee strike, now well into its third week.

¶4. (C) The World Bank's signature of an ESSP grant agreement covering all three sectors, not just the health sector pilot approved by the Quartet, appears to reinforce Bank comments at the Temporary International Mechanism (TIM) Consultative Group meeting September 1 (ref A) -- that the Bank does not consider the ESSP to be "specific to the TIM" -- and, therefore, that the ESSP is not subject to the Quartet's approval in order to expand its scope or subject to the Quartet's formal three-month review of the TIM. End comment.
DUFFY